

ORIGINAL

COMMISSIONERS  
MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

OPEN MEETING ITEM



0000091437

Executive Director

ARIZONA CORPORATION COMMISSION

DATE: DECEMBER 2, 2008  
DOCKET NOS: SW-20379A-05-0489 and W-20380A-05-0490  
TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Teena Wolfe. The recommendation has been filed in the form of an Opinion and Order on:

PERKINS MOUNTAIN UTILITY COMPANY and  
PERKINS MOUNTAIN WATER COMPANY  
(CC&N)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

DECEMBER 11, 2008

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

DECEMBER 16, 2008 and DECEMBER 17, 2008

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

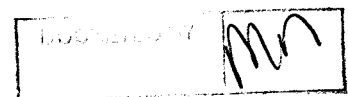
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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 MIKE GLEASON - Chairman  
4 WILLIAM A. MUNDELL  
5 JEFF HATCH-MILLER  
6 KRISTIN K. MAYES  
7 GARY PIERCE

8 IN THE MATTER OF THE APPLICATION OF  
9 PERKINS MOUNTAIN UTILITY COMPANY FOR  
10 A CERTIFICATE OF CONVENIENCE AND  
11 NECESSITY.

DOCKET NO. SW-20379A-05-0489

12 IN THE MATTER OF THE APPLICATION OF  
13 PERKINS MOUNTAIN WATER COMPANY FOR  
14 A CERTIFICATE OF CONVENIENCE AND  
15 NECESSITY.

DOCKET NO. W-20380A-05-0490

DECISION NO. \_\_\_\_\_

**OPINION AND ORDER**

12 DATES OF HEARINGS:

December 5, 2005; February 15, 16, 20, and 26, 2007;  
March 2, 6, and 8, 2007; and May 5 and 8, 2008

13 PLACE OF HEARINGS:

Phoenix, Arizona

14 PROCEDURAL CONFERENCES:

March 17, 2006; July 31, 2006; August 30, 2006;  
February 8, 2007; August 3, 2007; and January 4, 2008

16 PUBLIC COMMENT HEARINGS:

April 10, 2006 (Kingman and Lake Havasu City,  
Arizona)

17 ADMINISTRATIVE LAW JUDGE:

Dwight D. Nodes<sup>1</sup>

18 IN ATTENDANCE:

Marc Spitzer, Commissioner  
William A. Mundell, Commissioner  
Kristin K. Mayes, Commissioner  
Mike Gleason, Commissioner  
Barry Wong, Commissioner  
Jeff Hatch-Miller, Chairman, Commissioner  
Gary Pierce, Commissioner

22 APPEARANCES:

Mr. Robert Metli, Ms. Kimberly Grouse, Mr. Jeffrey  
Crockett, Mr. Carlos D. Ronstadt, and Mr. Bradley S.  
Carroll, SNELL & WILMER, LLP, and Mr. Robert L.  
Greer, BAIRD, WILLIAMS & GREER, LLP, on  
behalf of Applicants;

Mr. Booker T. Evans and Ms. Kimberly A.

1 Administrative Law Judge Amy B. Bjelland conducted the initial December 5, 2005, hearing and prepared a  
Recommended Opinion and Order docketed January 31, 2006. Assistant Chief Administrative Law Judge Dwight D.  
Nodes held the February and March, 2007, and May, 2008, hearings. Administrative Law Judge Teena Wolfe prepared  
the Recommended Opinion and Order.

Warshawski, GREENBERG TRAURIG, LLP, on behalf of Intervenor Sports Entertainment, LLC; and

Mr. David Ronald, Mr. Keith A. Layton, and Ms. Robin R. Mitchell, Staff Attorneys, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

**BY THE COMMISSION:**

On July 7, 2005, Perkins Mountain Utility Company ("PMUC") and Perkins Mountain Water Company ("PMWC") (collectively, "Applicants" or "Companies") filed with the Arizona Corporation Commission ("Commission") applications for Certificates of Convenience and Necessity ("CC&Ns") to provide wastewater and water service to master-planned communities in Mohave County, Arizona.

Hearings were held in December, 2005, and again in February and March, 2007, and Briefs were filed following the February and March, 2007, hearings. A number of late-filed documents were also submitted in the docket.

By Procedural Order issued July 30, 2007, the record in this proceeding was re-opened to take additional testimony and evidence, and a procedural conference was scheduled for August 3, 2007.

On August 1, 2007, Applicants filed a Motion for Reconsideration or in the Alternative for Temporary Stay of Proceedings.

The procedural conference was held, as scheduled, on August 3, 2007. At the conclusion of the procedural conference, Applicants were granted a temporary stay for 90 days and were directed to file a pleading by November 2, 2007, indicating Applicants' intent regarding the pending applications.

On November 2, 2007, Applicants filed a Request for 30-Day Continuance of Temporary Stay of Proceedings.

By Procedural Order issued November 27, 2007, the Request for Continuance was granted and Applicants were directed to file a pleading regarding their intent to pursue the applications, no later than December 3, 2007.

On November 30, 2007, Applicants filed an Amendment to Applications and Request for

1 Procedural Schedule, stating that they intended to pursue their applications as amended. According  
2 to the filing, Applicants' stock was purchased by Utilities Inc., an operator of privately owned water  
3 and wastewater companies in 17 states, including Nevada and Arizona.

4 By Procedural Order issued December 11, 2007, a procedural conference was scheduled for  
5 discussion of a schedule for processing the Amended Applications.

6 On January 2 and January 9, 2008, Applicants filed Notices of Filing Supplemental  
7 Information regarding changes in ownership and control.

8 On January 4, 2008, the procedural conference was held as scheduled, and a Procedural  
9 Order was issued on January 8, 2008, setting hearing dates of May 5, 2008, and May 8 and 9, 2008,  
10 if necessary. The Procedural Order also set dates for the Commission's Utilities Division ("Staff")  
11 to file an Amended Staff Report or Supplemental Testimony; for Applicants to file Direct Testimony  
12 in support of the Amended Applications and in response to Staff's Amended Staff Report or  
13 Supplemental Testimony; and for Staff to file Rebuttal Testimony, if necessary.

14 Staff filed its Amended Staff Report on March 28, 2008.

15 On April 14, 2008, Applicants filed Direct Testimony of Paul Burris on behalf of Applicants.

16 Staff filed a Staff Report Amendment on April 28, 2008.

17 The hearing on the Amended Applications commenced as scheduled on May 5, 2008, and  
18 concluded on May 8, 2008.

19 On May 19, 2008, Applicants filed information requested during the hearing regarding  
20 effluent production and usage projections.

21 On May 29, 2008, Applicants filed information regarding Utilities Inc.'s experience in the  
22 State of Florida in providing reclaimed water to residential developments.

23 On June 4, 2008, Applicants filed a Notice of Filing Revisions to Service Line and Meter  
24 Installation Charges to Permit the Use of Automated Meter Reading Water Meters.

25 On June 9, 2008, Applicants and Staff filed Closing Briefs.

26 On November 17, 2008, Staff docketed a Notice of Filing in response to Commissioner  
27 Mayes' request at the February 8, 2007, Procedural Conference. The Notice of Filing includes a  
28 copy of a recently published report of a study performed by the United States Geological Survey

1 ("USGS") in conjunction with ADWR, entitled Scientific Investigations Report 2007-5182  
2 regarding Detrital, Hualapai, and Sacramento Valley Basins in Mohave County, Arizona.

3 \* \* \* \* \*

4 Having considered the entire record herein and being fully advised in the premises, the  
5 Commission finds, concludes, and orders that:

6 **FINDINGS OF FACT**

7 1. On July 7, 2005, Applicants PMUC and PMWC filed with the Commission  
8 applications for CC&Ns authorizing them to provide wastewater and water service, respectively, to  
9 two master-planned communities in Mohave County, Arizona. Applicants filed an Amendment to  
10 Applications on November 30, 2007.

11 2. PMUC is a Nevada corporation formed for the purpose of providing wastewater  
12 utility service to two master-planned communities, Golden Valley South and The Villages at White  
13 Hills, being developed by Rhodes Homes Arizona, LLC ("Rhodes Homes") in Mohave County.  
14 PMWC is a Nevada corporation formed for the purpose of providing water utility service to all of  
15 the residents and businesses in the master-planned communities of Golden Valley South and The  
16 Villages at White Hills. The planned Golden Valley South development covers over 5,000 acres  
17 located approximately five miles southeast of Kingman, Arizona, and is expected to include more  
18 than 33,000 dwellings at buildout. Golden Valley South is planned to include an active adult  
19 community with an 18-hole golf course, an interconnected community for all ages, an  
20 industrial/business park area, and a community commercial area. The Villages at White Hills is  
21 located on 2,727 acres situated along U.S. Highway 93, approximately 29 miles south of Hoover  
22 Dam. The Villages at White Hills development is expected to include more than 20,000 dwelling  
23 units and a commercial area along U.S. Highway 93 that is expected to serve both residents and  
24 travelers. Open spaces, including the golf course, will eventually be irrigated with reclaimed water  
25 from the wastewater reclamation plant.

26 3. Legal descriptions for the requested service territories are attached hereto as Exhibits  
27 A-D, which are incorporated herein by reference. Applicants are requesting CC&Ns for the planned  
28 service areas described in Exhibits A and B. However, for the planned service areas described in

Exhibits C and D, Applicants are requesting the issuance of Orders Preliminary to the issuance of CC&Ns, in order to allow Applicants three years to obtain the necessary Arizona Department of Water Resources ("ADWR") Analyses of Adequate Water Supply and Aquifer Protection Permits for those planned service areas.

4. On July 22, 2005, Applicants filed a Notice of Filing of Certificate of Good Standing in the above dockets.

5. On August 8, 2005, Staff filed Insufficiency Letters in the above dockets.

6. On August 25, 2005, Scott Fisher of Sports Entertainment, LLC ("Sports Entertainment") filed a request that PMUC include a portion of Sports Entertainment's parcel in the proposed Certificate area for docket SW-20379A-05-0489.

7. On August 30, 2005, the Companies filed responses in the above dockets.

8. On September 14, 2005, Applicants filed a Notice of Filing Amended Legal Description.

9. On September 19, 2005, Staff filed its Sufficiency Letters indicating that the applications met the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R14-2-402.C.

10. On September 21, 2005, a Procedural Order was issued scheduling a hearing for December 5, 2005.

11. On September 26, 2005, an Amended Procedural Order was issued.

12. On September 27, 2005, Sports Entertainment filed an Application to Intervene.

13. On November 10, 2005, Staff filed its Staff Report.

14. On November 23, 2005, the Companies filed a Response to Staff's Report.

15. On November 30, 2005, a Procedural Order was issued granting intervention to Sports Entertainment.

16. On December 5, 2005, a hearing was convened before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Companies, Sports Entertainment and Staff entered appearances through counsel.

17. On January 6, 2006, the Companies and Sports Entertainment filed closing briefs in

1 this docket.

2 18. On January 31, 2006, a Recommended Opinion and Order was issued recommending  
3 approval of the applications subject to compliance with certain conditions proposed by Staff.

4 19. On February 10, 2006, the Companies filed an Analysis of Adequate Water Supply  
5 issued by ADWR. The filing indicated that legal availability and continuous availability of the  
6 water supply were not proven at the time the letter was issued on October 19, 2005.

7 20. On February 17, 2006, Commissioner Mayes filed a letter in the docket requesting  
8 that the matter be sent back to hearing.

9 21. On March 6, 2006, the Companies filed a Motion for Expedited Procedural  
10 Conference.

11 22. On March 7, 2006, the Companies filed a Response to Commissioner Mayes'  
12 February 17, 2006, letter.

13 23. On March 8, 2006, Staff filed its Response to Motion for Expedited Procedural  
14 Conference.

15 24. On March 13, 2006, by Procedural Order, a procedural conference was scheduled for  
16 March 17, 2006 and the timeclock was suspended.

17 25. On March 13, 2006, Commissioner Mayes filed a letter in the docket regarding a  
18 letter sent by ADWR to counsel for Rhodes Homes.

19 26. On March 13, 2007, the Companies filed a Notice of Filing Franchise Agreements.

20 27. On March 16, 2006, former Commissioner Spitzer filed a letter requesting that the  
21 matter be sent back to hearing to examine whether the Companies are fit and proper entities for  
22 purposes of being granted a CC&N.

23 28. On March 17, 2006, a procedural conference was held to discuss how to proceed with  
24 this matter in light of new information regarding water adequacy in the proposed CC&N area.

25 29. On March 22, 2006, former Commissioner Spitzer filed a letter requesting that public  
26 comment hearings be scheduled in Mohave County.

27 30. On March 23, 2006, Commissioner Mayes filed a letter in the docket requesting  
28 public comment hearings.

1           31.     On March 23, 2006, the Companies filed a Notice of Revision to the Service List.

2           32.     On March 23, 2006, Staff filed Staff's Notice indicating that it would issue an  
3 Addendum to the Staff Report after conducting additional discovery.

4           33.     On March 29, 2006, Staff filed copies of letters sent to Mohave County Planning and  
5 Zoning, the Arizona Geological Survey, and ADWR seeking additional information.

6           34.     On March 31, 2006, Staff filed its First Set of Data Requests to the Companies.

7           35.     On March 31, 2006, the Companies filed an Amendment to Application for a  
8 Certificate of Convenience and Necessity for Perkins Mountain Water Company. The Amendment  
9 requested a CC&N for a portion of the service area originally requested and an Order Preliminary  
10 for the remainder of the service area originally requested.

11          36.     On April 4, 2006, a Procedural Order was issued scheduling public comment  
12 hearings in Kingman and Lake Havasu, Arizona.

13          37.     On April 10, 2006, public comment hearings were conducted, as scheduled, in  
14 Kingman and Lake Havasu.

15          38.     On April 13, 2006, a Procedural Order was issued scheduling an evidentiary hearing  
16 for July 31, 2006.

17          39.     On May 3, 2006, the Companies filed a Notice of Publication.

18          40.     On May 24, 2006, Commissioner Mundell filed a letter regarding representations  
19 made by the Companies at the March 17, 2006 procedural conference with respect to reports that  
20 infrastructure was being installed by Companies without a CC&N.

21          41.     On May 26, 2006, counsel for the Companies filed a response to Commissioner  
22 Mundell's letter.

23          42.     On June 19, 2006, Commissioner Mayes filed two letters, one which sought  
24 information regarding the alleged construction activities by the Companies, and the other which  
25 requested additional information regarding water adequacy concerns for the requested CC&N area.

26          43.     On June 23, 2006, Staff filed a Motion to Compel, stating that the Companies had  
27 failed to provide adequate responses to two data requests.

28          44.     On June 26, 2006, Staff filed a request to modify the procedural schedule, stating that



1 additional time was needed to review the documents provided by the Companies in response to  
2 Staff's requests for data.

3 45. On June 28, 2006, a Procedural Order was issued directing the Companies to respond  
4 to Staff's Motion to Compel and Request to Modify Procedural Schedule by July 6, 2006.

5 46. On July 6, 2006, the Companies filed their Response to Staff's Motion to Compel and  
6 Request for a Protective Order, and their Response to Staff's Request to Modify Procedural  
7 Schedule. The Companies requested that oral argument be scheduled relating to Staff's Motion to  
8 Compel.

9 47. On July 10, 2006, the Companies filed two letters in response to Commissioner  
10 Mayes' June 19, 2006, letters.

11 48. On July 12, 2006, the parties advised the Administrative Law Judge in this matter  
12 that the parties were working toward a resolution of the discovery dispute and requested that no  
13 further action be taken with regard to the discovery dispute until further notice by the parties.

14 49. On July 20, 2006, Commissioner Mayes filed a letter in this docket requesting that  
15 oral argument for the purpose of addressing the discovery dispute also address various other issues  
16 outlined in her letter, including the question of whether the Companies were in violation of Arizona  
17 Revised Statutes ("A.R.S.") § 40-281, and whether the transfer of one hundred percent of the  
18 Companies' stock to Rhodes Homes meant that the Applicant before the Commission should  
19 properly be Rhodes Homes. Commissioner Mayes requested that the parties address whether either  
20 Rhodes Homes or the Companies were acting as public service corporations by commencing the  
21 construction of utility infrastructure, and requested responses from Staff at oral argument regarding  
22 an appropriate Commission response if a determination was made that A.R.S. § 40-281 had been  
23 violated.

24 50. On July 26, 2006, a Procedural Order was issued scheduling oral argument relating to  
25 the issues set forth by Commissioner Mayes in her July 20, 2006, letter and postponing the  
26 evidentiary hearing in this matter, while retaining the schedule for public comment.

27 51. On July 27, 2006, the Companies filed an Emergency Request for Continuance of  
28 Oral Argument. The Companies stated that they were "eager to fully address each" of the issues

1 raised by Commissioner Mayes, but stated that they believe that briefing of the issues would better  
2 develop the record in this matter. The Companies suggested using the procedural conference  
3 scheduled for July 31, 2006, to identify the specific issues to be addressed in legal briefs and the  
4 briefing schedule.

5 52. On July 31, 2006, a procedural conference was held and public comments were  
6 taken. At the procedural conference, the parties agreed that Staff should have 60 days to file its  
7 Staff Report and/or testimony after being given notice of a resolution of the parties' discovery  
8 dispute.

9 53. On July 31, 2006, a Procedural Order was issued directing the parties to file Opening  
10 Briefs and Reply Briefs regarding a number of issues raised at the procedural conference.

11 54. On August 14, 2006, Applicants and Staff filed Opening Briefs regarding the issues  
12 identified in the Procedural Order.

13 55. On August 28, 2006, the Companies filed a Response Brief.

14 56. Also on August 28, 2006, Applicants filed a Motion to Vacate the Oral Argument  
15 scheduled for August 30, 2006.

16 57. On August 30, 2006, the oral argument was held, as scheduled.

17 58. On October 11, 2006, Staff filed a Withdrawal of Motion to Compel, stating that the  
18 Companies had provided Staff with additional information.

19 59. On October 12, 2006, Staff filed a Memorandum regarding a field inspection it  
20 conducted of the Golden Valley Ranch development.

21 60. On December 5, 2006, a Joint Proposal for Procedural and Hearing Schedule was  
22 filed by all parties of record.

23 61. On December 6, 2006, an Amendment to the Joint Proposal was filed requesting that  
24 the due date for the Staff Report be changed to December 15, 2006.

25 62. On December 15, 2006, Staff filed its Amended Staff Report.

26 63. On December 20, 2006, a Procedural Order was issued scheduling an evidentiary  
27 hearing to commence on February 15, 2007.

28 64. On January 24, 2007, the Companies filed a Response to the Amended Staff Report.

65. On February 2, 2007, a letter from the Mohave County Manager was filed urging approval of the applications.

66. On February 8, 2007, a prehearing conference was held.

67. On February 9, 2007, Staff filed in these dockets a number of court documents regarding litigation in which Mr. Rhodes, or companies in which he has a controlling interest, are a party.

68. On February 12, 2007, a subpoena was filed for appearance of a witness from ADWR.

69. On February 13, 2007, Staff filed its Amended Staff Report with a number of attachments to be used as an exhibit at the hearing.

70. On February 14, 2007, Commissioner Mayes filed a letter seeking issuance of a subpoena to require Mr. Rhodes to appear at the hearing and give testimony regarding the applications.

71. On February 15, 2007, the Companies filed a response to Commissioner Mayes' letter.

72. The hearing commenced as scheduled on February 15, 2007, and continued on February 16, 20, and 26, 2007.

73. On February 20, 2007, Commissioner Mundell filed a copy of a public records request letter sent to the Mohave County Attorney.

74. On February 28, 2007, Staff filed additional documents related to litigation involving Mr. Rhodes and companies over which he has control.

75. On February 28, 2007, Commissioner Mundell filed a letter seeking information concerning litigation involving Mr. Rhodes and affiliated companies.

76. On March 1, 2007, Applicants filed a response to Commissioner Mundell's letter.

77. On March 2, 6, and 8, 2007, additional hearings were held regarding the applications.

78. On March 7, 2007, the Companies filed updated credit agency reports regarding the Rhodes companies.

79. On March 14, 2007, Commissioner Mayes filed a copy of the 2006 J.D. Power and

1 Associates ranking of home builders in the Las Vegas market.

2 80. On March 14, 2007, Staff filed a Memorandum responding to the Companies' credit  
3 agency report filing.

4 81. On March 14, 2007, Commissioner Mundell filed a letter sent to the Nevada State  
5 Contractors Board seeking documents related to any disciplinary action against Mr. Rhodes.

6 82. On March 15, 2007, Applicants filed a Late-Filed Exhibit as a response to various  
7 matters raised during the hearing.

8 83. On March 21, 2007, Applicants filed a Late-Filed Legal Description of the area  
9 included in the CC&N requests.

10 84. On March 21, 2007, a response letter from a Mohave County Special Deputy County  
11 Attorney in response to a February 20, 2007, public records request sent to Mohave County by  
12 Commissioner Mundell was filed in these dockets.

13 85. On March 22, 2007, Commissioner Mundell filed a copy of a news release issued by  
14 the United States Department of Agriculture regarding anticipated low surface water supplies.

15 86. Also on March 22, 2007, Commissioner Mundell filed a letter sent to the Companies  
16 requesting documentation related to several matters, including a copy of the transcript of Mr.  
17 Rhodes' deposition taken as part of a Federal Elections Commission ("FEC") investigation.

18 87. On March 29, 2007, the Companies filed a response to Commissioner Mundell  
19 regarding various matters including the FEC investigation.

20 88. On March 30, 2007, a copy of the Nevada State Contractors Board response to  
21 Commissioner Mundell was filed.

22 89. On March 30, 2007, the Companies and Staff filed their Closing Briefs in this matter.

23 90. On April 4, 2007, a response from the Mohave County Attorneys' office to  
24 Commissioner Mundell's public records request was filed.

25 91. On April 9, 2007, Commissioner Mundell filed the affidavits of Jim Rhodes and  
26 Mark James regarding prior litigation in Nevada.

27 92. On April 16, 2007, Commissioner Mundell filed a redacted copy of the transcript of  
28 Mr. Rhodes' deposition in the FEC investigation.

1       93.    On May 11, 2007, the Companies filed another Late-Filed Legal Description of the  
2 proposed CC&N area.

3       94.    On May 18, 2007, Staff filed its Late-Filed (Third Amended) Legal Description.

4       95.    On May 24, 2007, Staff filed an errata to its prior Late-Filed Legal Description.

5       96.    On July 3, 2007, Commissioner Mundell filed a letter in these dockets requesting that  
6 the record be re-opened and that Mr. Jim Rhodes, and perhaps other persons associated with  
7 Applicants, be required to appear and give sworn testimony with respect to recent news stories  
8 regarding alleged payments by Mr. Rhodes to former Clark County, Nevada Commissioner Erin  
9 Kenney.

10       97.   On July 5, 2007, Commissioner Mayes filed a letter concurring with Commissioner  
11 Mundell's request to conduct additional hearings regarding the alleged payments to Ms. Kenney.

12       98.   On July 18, 2007, a Procedural Order was issued directing Applicants to file a  
13 response to the request to re-open the record.

14       99.   On July 23, 2007, the Applicants filed a Response to the Request to Re-Open the  
15 Record, opposing re-opening the record.

16       100.   On July 26, 2007, Chairman Gleason filed a letter recommending that the record not  
17 be opened and that the Administrative Law Judge should proceed with preparation of a  
18 Recommended Opinion and Order.

19       101.   On July 30, 2007, a Procedural Order was issued setting a Procedural Conference for  
20 August 3, 2007. Based on all the filings submitted in the docket following the conclusion of the  
21 February and March, 2007, hearing, the Procedural Order re-opened the record to allow the  
22 presentation of additional testimony and evidence in order to afford due process to all parties in the  
23 case, including Applicants, and to enable the Commission to make an informed decision based on a  
24 full factual record. The Procedural Order stated that because certain information had come to light  
25 through reports of testimony given during a criminal trial in Nevada that could not have been known  
26 at the time the prior hearings in this matter concluded, it was reasonable to provide the other parties,  
27 as well as Commissioners and the Administrative Law Judge, with an opportunity to have their  
28 questions answered through sworn testimony.

1       102. On August 1, 2007, the Applicants filed a Motion for Reconsideration or in the  
2 Alternative for Temporary Stay of Proceedings.

3       103. The procedural conference was held, as scheduled, on August 3, 2007. At the  
4 conclusion of the procedural conference, the Applicants were granted a temporary stay for 90 days  
5 and directed to file a pleading by November 2, 2007, indicating the Applicants' intent regarding the  
6 pending applications.

7       104. On November 2, 2007, Applicants filed a Request for 30-Day Continuance of  
8 Temporary Stay of Proceedings. The Applicants indicated that they were working to finalize an  
9 alternative plan to present to the Commission.

10       105. By Procedural Order issued November 27, 2007, the Request for Continuance was  
11 granted and the Applicants were directed to file a pleading regarding their intent to pursue the  
12 applications by no later than December 3, 2007.

13       106. On November 30, 2007, the Applicants filed an Amendment to Applications and  
14 Request for Procedural Schedule ("Amendment to Applications"), which filing included as an  
15 exhibit a copy of a July 18, 2007, ADWR Analysis of Adequate Water Supply. According to the  
16 filing, the stock of PMWC and PMUC had been purchased by Utilities Inc., an operator of privately  
17 owned water and wastewater companies in 17 states, including Nevada and Arizona. Applicants  
18 requested that a procedural conference be scheduled.

19       107. By Procedural Order issued December 11, 2007, a procedural conference was  
20 scheduled for January 4, 2008.

21       108. On January 2 and January 9, 2008, Applicants filed Notices of Filing Supplemental  
22 Information regarding changes in ownership and control.

23       109. On January 4, 2008, the procedural conference was held as scheduled, and a  
24 Procedural Order was issued on January 8, 2008, setting hearing dates of May 5, 2008, and May 8  
25 and 9, 2008, if necessary. The Procedural Order also set dates for Staff to file an Amended Staff  
26 Report or Supplemental Testimony; for Applicants to file Direct Testimony in support of the  
27 Amended Applications and in response to Staff's Amended Staff Report or Supplemental  
28 Testimony; and for Staff to file Rebuttal Testimony, if necessary.

1           110. Staff filed its Amended Staff Report on March 28, 2008.

2           111. On April 14, 2008, Applicants filed Direct Testimony of Paul Burris on behalf of  
3 Applicants.

4           112. On April 25, 2008, Applicants filed a supplement to the application to (1) amend the  
5 legal description for the CC&N territory in Section 30 at The Villages at White Hills, and (2) add a  
6 new legal description for the property of Sports Entertainment.

7           113. Staff filed an Amendment to the Staff Report on April 28, 2008.

8           114. The hearing on the Amended Applications commenced as scheduled on May 5, 2008,  
9 and concluded on May 8, 2008.

10          115. On May 19, 2008, Applicants filed information requested during the hearing  
11 regarding effluent production and usage projections.

12          116. On May 29, 2008, Applicants filed information regarding Utilities Inc.'s experience  
13 in the State of Florida in providing reclaimed water to residential developments.

14          117. On June 4, 2008, Applicants filed a Notice of Filing Revisions to Service Line and  
15 Meter Installation Charges to Permit the Use of Automated Meter Reading Water Meters.

16          118. On November 17, 2008, Staff docketed a Notice of Filing in response to  
17 Commissioner Mayes' request at the February 8, 2007, Procedural Conference. The Notice of Filing  
18 includes a copy of a recently published report of a study performed by the USGS in conjunction with  
19 ADWR, entitled Scientific Investigations Report 2007-5182 regarding Detrital, Hualapai, and  
20 Sacramento Valley Basins in Mohave County, Arizona.

21          119. The Amendment to Applications states that the purpose of the November 30, 2007,  
22 filing was to (i) notify the Commission of the change in ownership and control of Applicants; (ii)  
23 provide information regarding Utilities, Inc., the new owner of Applicants; (iii) update other  
24 information contained in the applications; and (iv) request appropriate modifications to certain of the  
25 conditions in the December 15, 2006, Addendum to Staff Report in light of the changed  
26 circumstances.

27          120. On November 29, 2007, Rhodes Homes and Utilities Inc. entered into an agreement  
28 whereby Utilities Inc. purchased all of the issued and outstanding stock of PMUC and PMWC, and

1 agreed to provide water and wastewater services to the Rhodes Homes developments at issue in this  
2 proceeding upon issuance of CC&Ns to Applicants, subject to the terms and conditions of the  
3 agreement.

4 121. The Amendment to Applications states that as of November 29, 2007, Utilities Inc. is  
5 the sole shareholder of PMUC and PMWC, and that Utilities Inc. has control over the Companies'  
6 operations. The Amendment to Applications further states that Utilities Inc. has no ownership  
7 interest in any entity owned by or controlled by James Rhodes or any of his affiliated business  
8 enterprises, and that neither Mr. Rhodes nor any of his affiliated business enterprises have any  
9 ownership interest in Utilities Inc. or any entity controlled by or under common control with  
10 Utilities Inc.

11 122. Utilities Inc., founded in 1965, is a privately-owned water and wastewater utility  
12 operating in the United States, and currently serves more than 300,000 residential and commercial  
13 customers in 17 states through its operating subsidiaries.

14 123. Utilities Inc. acquired Bermuda Water Company in 1999. Bermuda Water Company,  
15 a Class B Commission-regulated water utility in good standing, is located in Mohave County and  
16 provides service to approximately 7,900 water utility customers.

17 124. Based on its review of the record in this proceeding, Staff concludes that the  
18 Companies have adequate financial and technical capability to provide the proposed water and  
19 wastewater utility services.

20 125. Exhibit A, attached hereto and incorporated herein by reference, is a legal description  
21 for Applicants' requested CC&N territory in the planned The Villages at White Hills development.<sup>2</sup>

22 126. Exhibit B, attached hereto and incorporated herein by reference, is a legal description  
23 for Applicants' requested CC&N territory in the planned Golden Valley South development.<sup>3</sup>

24 127. Staff recommends approval of PMWC's application for a CC&N to provide water

25 <sup>2</sup> Exhibit A does not include the area of the Sports Entertainment property, which is located in the planned The Villages  
26 at White Hills development, but was not included in the July 18, 2007 ADWR Analysis of Adequate Water Supply.  
This area is included in Exhibit D, discussed separately below.

27 <sup>3</sup> Exhibit B does not include the area of a small portion of the planned Golden Valley South development, which was not  
28 included in the July 18, 2007 ADWR Analysis of Adequate Water Supply. This area is included in Exhibit C, discussed  
separately below.



utility service in the areas described in Exhibit A and Exhibit B subject to the following conditions:

- A. That the Commission find that the fair value rate base ("FVRB") of PMWC's property devoted to water service is \$8,272,134;
- B. That the Commission approve Staff's rates as set forth in Schedule CSB-W5-Rate Design attached to the Amendment to Staff's Amended Staff Report, Hearing Exhibit CS-2. In addition to collection of its regular rates, PMWC may collect from its customers a proportionate share of any privilege, sales, or use tax.
- C. That the Commission require PMWC to file with Docket Control, as a compliance item in this docket, a tariff consistent with the rates and charges authorized by the Commission within thirty days of this Decision;
- D. That the Commission require PMWC to file, within fifteen days of providing service to its first customer, notice of such with Docket Control, as a compliance item in this docket;
- E. That the Commission require PMWC to file a rate application no later than six months following the fifth anniversary of the date it begins providing service to its first customer but not prior to the end of the calendar year in which it has obtained Staff's recommended capital structure;
- F. That the Commission require PMWC to maintain its books and records in accordance with the NARUC Uniform System of Accounts for Water Utilities;
- G. That the Commission require PMWC to use the depreciation rates recommended by Staff;<sup>4</sup>
- H. That the Commission require PMWC to file when received by PMWC, but no later than three years after the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies of the Approval to Construct for Phase 1 of the initial phase of the Golden Valley South and The Villages at White Hills developments;
- I. That the Commission require PMWC to file within ninety days of the effective date of this Decision, with Docket Control, as a compliance item in this docket, for review and approval by Staff, a curtailment tariff that generally conforms to the sample tariff found posted on the Commission's website (<http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.pdf>) or available on request from Staff;
- J. That the Commission require PMWC to file within 30 days of the effective date of this Decision, with Docket Control, as a compliance item in this docket, for

<sup>4</sup> Staff's recommended Depreciation Rates for PMWC are set forth in Exhibit E, attached hereto and incorporated herein by reference.

review and approval of Staff, a backflow prevention tariff that generally conforms to the sample tariff found, posted on the Commission's website (<http://www.azcc.gov/Divisions/Utilities/forms/CrossConnectBackflow.pdf>) or available on request from Commission Staff;

- K. That the Commission require PMWC to provide an irrevocable sight draft letter of credit or a performance bond of \$500,000. The bond or letter of credit shall remain in place until further Order of the Commission. Proof of the performance bond or letter of credit shall be filed in this docket, as a compliance item, prior to service being provided to any customer. Thereafter, the proof of the performance bond or letter of credit shall be filed semi-annually on each July and January covering the preceding six month period;
- L. That the Commission require PMWC to maintain a capital structure comprised of no debt, 40 percent equity and no more than 60 percent combined advances in aid of construction ("AIAC") and contributions in aid of construction ("CIAC");<sup>5</sup>
- M. That the Commission require PMWC to notify the Commission of any proposed change in the ownership of PMWC at least thirty days prior to the change in ownership; and
- N. That the Commission require PMWC to file, when received by PMWC but no later than thirty days following receipt, with Docket Control, as a compliance item in this docket, a copy of the ADWR Letter of Adequate Water Supply ("Water Adequacy Report") for each individual Subdivision in Golden Valley South and in The Villages at White Hills developments.

128. Staff recommends approval of PMUC's application for a CC&N to provide wastewater utility service in the areas described in Exhibit A and Exhibit B subject to the following conditions:

- A. That the Commission find that the FVRB of PMUC's property devoted to wastewater service is \$8,050,058;
- B. That the Commission approve Staff's rates as shown on Wastewater Schedule CSB-WW5-Rate Design, as set forth in the Amendment to Staff's Amended Staff Report. In addition to collection of its regular rates, PMUC may collect from its customers a proportionate share of any privilege, sales, or use tax;
- C. That the Commission require PMUC to file with Docket Control, within thirty days of this Decision, as a compliance item in this docket, a tariff consistent with the rates and charges authorized by the Commission;

<sup>5</sup> Staff recommends that Applicants attain, in the fifth year of operations, a capital structure consisting of no debt, at least 40 percent equity, and no more than a combined 60 percent combined AIAC and CIAC, as shown on Schedules CSB-W-4 and CSB-WW-4, which were attached to Hearing Exhibit CS-2. CSB-W-4 and CSB-WW-4 are attached hereto and incorporated herein as Exhibit G and Exhibit H, respectively.

- D. That the Commission require PMUC to file, within fifteen days of providing service to its first customer, notice of such with Docket Control, as a compliance item in this docket;
- E. That the Commission require PMUC to file a rate application no later than six months following the fifth anniversary of the date it begins providing service to its first customer but not prior to the end of the calendar year in which it has obtained Staff's recommended capital structure;
- F. That the Commission require PMUC to maintain its books and records in accordance with the NARUC Uniform System of Accounts for Water Utilities;
- G. That the Commission require PMUC to use the depreciation rates recommended by Staff;<sup>6</sup>
- H. That the Commission require PMUC to file when received by PMUC, but no later than three years after the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies of the General Permits for Phase 1 of the initial phase of Golden Valley South and The Villages at White Hills developments;
- I. That the Commission require PMUC to file when received by PMUC, but no later than three years after the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies of the Aquifer Protection Permit for the Golden Valley South and The Villages at White Hills developments;
- J. That the Commission require PMUC to provide an irrevocable sight draft letter of credit or a performance bond of \$500,000. The bond or letter of credit shall remain in place until further Order of the Commission. Proof of the performance bond or letter of credit shall be filed in this docket, as a compliance item, prior to service being provided to any customer. Thereafter, the proof of the performance bond or letter of credit shall be filed semi-annually on each July and January covering the preceding six month period;
- O. That the Commission require PMUC to maintain a capital structure comprised of no debt, 40 percent equity and no more than 60 percent combined AIAC and CIAC;<sup>7</sup> and
- K. That the Commission require PMUC to notify the Commission of any proposed change in the ownership of PMUC at least thirty days prior to the change in ownership.

129. Exhibit C, attached hereto and incorporated herein by reference, is a legal description of the territory encompassing the portion of the planned Golden Valley South development for

<sup>6</sup> Staff's recommended Depreciation Rates for PMUC are set forth in Exhibit F, attached hereto and incorporated herein by reference.

<sup>7</sup> See fn 5.

1 which Applicants request the issuance of an Order Preliminary.

2 130. Exhibit D, attached hereto and incorporated herein by reference, is a legal description  
3 of the property of Sports Entertainment, located within the planned The Villages at White Hills  
4 development, for which Applicants also request the issuance of an Order Preliminary.

5 131. Staff recommends issuance of an Order Preliminary for Applicants for the area  
6 described in Exhibit C subject to the following conditions:

7 A. That PMWC file with the Commission's Docket Control, when received by  
8 PMWC, but no later than three years following the effective date of this Decision,  
9 a copy of the developer's ADWR Analysis of Adequate Water Supply  
10 demonstrating the availability of adequate water for the area described in Exhibit  
11 C;

12 B. That PMUC file with the Commission's Docket Control, when received by  
13 PMUC, but no later than three years following the effective date of this Decision,  
14 an Aquifer Protection Permit that includes the area described in Exhibit C; and

15 C. That the Companies file with the Commission's Docket Control, following the  
16 filing of the above-described ADWR Analysis of Adequate Water Supply and  
17 Aquifer Protection Permit, a Notice Filing stating that the Companies have  
18 completed the required filings.

19 Staff further recommends that Staff be required to file, within thirty days of the Companies'  
20 Notice Filing described in this Findings of Fact, a Staff response to the Notice Filing, in the form of  
21 a Proposed Order confirming compliance and granting an extension of Applicants' CC&Ns to  
22 include the area included in the Order Preliminary; and that the Proposed Order confirming  
23 compliance should then be scheduled as soon as possible for a Commission vote. Staff also  
24 recommends that the conditions of approval for the CC&Ns granted in this Decision be incorporated  
25 for the areas described in Exhibit C.

26 132. Staff recommends issuance of an Order Preliminary for Applicants for the area  
27 described in Exhibit D subject to the following conditions:

28 A. That PMWC file with the Commission's Docket Control, when received by  
PMWC, but no later than three years following the effective date of this Decision,  
a copy of the developer's ADWR Analysis of Adequate Water Supply  
demonstrating the availability of adequate water for the area described in Exhibit  
D;

B. That PMUC file with the Commission's Docket Control, when received by PMUC, but no later than three years following the effective date of this Decision, an Aquifer Protection Permit that includes the area described in Exhibit D; and

C. That the Companies file with the Commission's Docket Control, following the filing of the above-described ADWR Analysis of Adequate Water Supply and Aquifer Protection Permit, a Notice Filing stating that the Companies have completed the required filings.

Staff further recommends that Staff be required to file, within thirty days of the Companies' Notice Filing described in this Findings of Fact, a Staff response to the Notice Filing, in the form of a Proposed Order confirming compliance and granting an extension of Applicants' CC&Ns to include the area included in the Order Preliminary; and that the Proposed Order confirming compliance should then be scheduled as soon as possible for a Commission vote. Staff also recommends that the conditions of approval for the CC&Ns granted in this Decision be incorporated for the areas described in Exhibit D.

133. Applicants' proposed and Staff's recommended initial rates and charges for water and wastewater service are as follows:

### WATER RATES

	Proposed Rates	
	<u>Company</u>	<u>Staff</u>
<b><u>MONTHLY USAGE CHARGE:</u></b>		
5/8" x 3/4" Meter	N/A	\$35.00
3/4" Meter	\$ 35.00	35.00
1" Meter	46.00	46.00
1 1/2" Meter	115.00	125.00
2" Meter	184.00	190.00
3" Meter	345.00	345.00
4" Meter	575.00	575.00
6" Meter	1,150.00	1,150.00
8" Meter	1,840.00	1,840.00

### **Commodity Rates (Per 1,000 Gallons):**

#### 5/8-inch and 3/4-Inch Meters

0 to 4,000 gallons	N/A	\$2.40
4,001 to 20,000 gallons	N/A	4.60
20,001 and above gallons	N/A	6.60

#### 3/4-Inch Meters

0 to 4,000 gallons	\$2.30	\$2.40
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1	4,001 to 20,000 gallons	4.37	4.60
	20,001 and above gallons	6.33	6.60

1-Inch Meters

3	0 to 4,000 gallons	\$2.30	\$2.40
	4,001 to 20,000 gallons	4.37	4.60
4	20,001 and above gallons	6.33	6.60

1 1/2-Inch Meters

6	0 to 42,000 gallons	\$4.37	\$4.60
	42,001 and above gallons	6.33	6.60

2-Inch Meters

8	0 to 63,000 gallons	\$4.37	\$4.60
9	63,001 and above gallons	6.33	6.60

3-Inch Meters

10	0 to 120,000 gallons	\$4.37	\$4.60
11	120,001 and above gallons	6.33	6.60

4-Inch Meters

13	0 to 180,000 gallons	\$4.37	\$4.60
	180,001 and above gallons	6.33	6.60

6-Inch Meters

15	0 to 207,000 gallons	\$4.37	\$4.60
16	207,001 and above gallons	6.33	6.60

8-Inch Meters

17	0 to 235,000 gallons	\$4.37	\$4.60
18	235,001 and above gallons	6.33	6.60

Monthly Service Charge for Fire Sprinklers:

19	4-Inch or Smaller Connection	\$28.75	(a)
20	6-Inch Connection	57.50	(a)
21	8-Inch Connection	92.00	(a)

(a) One percent (1%) of monthly usage charge for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

	<u>Staff Proposed</u>			<u>Company Proposed</u>		
Size/Type	Services	Meters	Total	Services	Meters	Total
27 5/8" x 3/4" Meter	\$ 355.00	\$ 85.00	\$ 440.00	\$ 355.00	\$ 200.00	\$ 555.00
3/4" Meter	355.00	165.00	520.00	355.00	240.00	595.00
28 1" Meter	405.00	205.00	610.00	405.00	270.00	675.00

	1 ½" Meter	440.00	415.00	855.00	440.00	400.00	840.00
1	2" Meter	N/A	N/A	N/A	600.00	480.00	1,080.00
	2" Meter (Turbine)	600.00	915.00	1,515.00	600.00	915.00	1,515.00
2	2" Meter (Compound)	600.00	1,640.00	2,240.00	600.00	1,640.00	2,240.00
	3" Meter (Turbine)	775.00	1,420.00	2,195.00	775.00	1,420.00	2,195.00
3	3" Meter (Compound)	815.00	2,215.00	3,030.00	815.00	2,215.00	3,030.00
	4" Meter (Turbine)	1,110.00	2,250.00	3,360.00	1,110.00	2,250.00	3,360.00
4	4" Meter (Compound)	1,170.00	3,145.00	4,315.00	1,170.00	3,145.00	4,315.00
	6" Meter (Turbine)	1,670.00	4,445.00	6,115.00	1,670.00	4,445.00	6,115.00
5	6" Meter (Compound)	1,710.00	6,180.00	7,890.00	1,710.00	6,180.00	7,890.00
	8" Meter (Turbine)	(b)	(b)	(b)	(b)	(b)	(b)
6	8" Meter (Compound)	(b)	(b)	(b)	(b)	(b)	(b)

7 (b) At cost. Cost to include parts, labor, overhead and all applicable taxes, including  
8 income taxes.

#### Proposed Rates

	<u>Company</u>	<u>Staff</u>
9 <b><u>SERVICE CHARGES:</u></b>		
10 Establishment	\$30.00	\$30.00
Establishment (After Hours)	50.00	50.00
11 Re-establishment (Within 12 Months)	*	*
Reconnection (Delinquent)	40.00	40.00
12 NSF Check Charge	25.00	25.00
Meter Re-Read (If Correct)	30.00	30.00
13 Meter Test (If Correct)	30.00	30.00
14 Deferred Payment (Per Month)	1.50%	1.50%
Late Payment Penalty (Per Month)	1.50%	1.50%
15 Deposit Interest	**	**
Deposit	**	**
16 Moving meter/service at customer request	***	***

17 \* Number of months off system times the monthly usage charge for meter size

18 \*\* Per Rule R14-2-403.B

19 \*\*\* At cost. Cost to include parts, labor, overhead, and all applicable taxes, including  
20 income tax if applicable

#### WASTEWATER RATES

	<u>Proposed Rates</u>	
	<u>Company</u>	<u>Staff</u>
22 <b><u>MONTHLY USAGE CHARGE:</u></b>		
23 5/8" x ¾" Meter	N/A	\$ 81.00
¾" Meter	\$ 75.00	81.00
24 1" Meter	88.00	90.00
25 1 ½" Meter	250.00	300.00
2" Meter	400.00	500.00
26 3" Meter	750.00	900.00
4" Meter	1,250.00	1,500.00
27 6" Meter	2,500.00	3,000.00
28 8" Meter	4,000.00	4,700.00

**Treated Effluent Sales for General Irrigation:**

Per acre-foot	\$200.00	\$200.00
Per 1,000 Gallons	\$ 0.61	\$ 0.61

**SERVICE CHARGES:**

Establishment (a)	\$30.00	\$30.00
Establishment (After Hours) (a)	40.00	40.00
Re-establishment (Within 12 Months)	*	*
Reconnection (Delinquent) (a)	30.00	30.00
NSF Check Charge (a)	25.00	25.00
Deferred Payment (Per Month)	1.50%	1.50%
Late Payment Penalty (Per Month)	1.50%	1.50%
Deposit Interest	**	**
Deposit	**	**
Moving meter/service at customer request	***	***

(a) Collected only if customer is not also a water customer.

\* Per Commission Rule R14-2-603.D – Months off system times monthly usage charge.

\*\* Per Commission Rule R14-2-603.B.

\*\*\* At cost. Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable.

134. Applicants agree with all of Staff's recommended conditions. In addition, Applicants indicated agreement that they will not seek to transfer the stock of PMWC or PMUC to Jim Rhodes or any Rhodes affiliated entities without the prior approval of the Commission.<sup>8</sup>

135. PMWC indicated that it intends to implement the conservation measures outlined in Hearing Exhibit CA-5, titled "Commitments to Conservation and Comprehensive Water Management," a copy of which is attached hereto as Exhibit I and incorporated herein by reference.

136. Staff's recommendations are reasonable and should be adopted.

137. The FVRB of PMWC's property devoted to water service is \$8,272,134.

138. The FVRB of PMUC's property devoted to wastewater service is \$8,050,058

139. The water and wastewater rates and charges recommended by Staff are reasonable and should be adopted.

140. The water service line and meter installation charges recommended by the Companies, which will permit the use of automated meter reading ("AMR") technology, are

<sup>8</sup> Tr. Vol. VIII at 1575-1577.



1 reasonable and should be adopted.

2 141. It is reasonable and in the public interest to require PMWC to implement the  
3 conservation and comprehensive water management measures outlined in Exhibit I attached hereto  
4 and incorporated herein by reference.

5 142. It is reasonable and in the public interest to prohibit Applicants from seeking to  
6 transfer the stock of PMWC or PMUC to Jim Rhodes or any Rhodes affiliated entities without the  
7 prior approval of the Commission.

### 8 CONCLUSIONS OF LAW

9 1. Perkins Mountain Water Company and Perkins Mountain Utility Company are public  
10 service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-  
11 281 and 40-282 *et seq.*

12 2. The Commission has jurisdiction over Perkins Mountain Water Company and Perkins  
13 Mountain Utility Company and the subject matter of the Amended Applications.

14 3. Notice of the applications was provided in accordance with law.

15 4. There is a public need and necessity for water and wastewater utility service in the  
16 proposed service areas.

17 5. Perkins Mountain Water Company and Perkins Mountain Utility Company are fit and  
18 proper entities to receive water and wastewater CC&Ns to include the service areas more fully  
19 described in Exhibit A and Exhibit B attached hereto, subject to compliance with the conditions set  
20 forth herein.

21 6. Perkins Mountain Water Company and Perkins Mountain Utility Company are fit and  
22 proper entities to receive Orders Preliminary to the issuance of final CC&Ns for the areas described  
23 in Exhibit C and Exhibit D attached hereto.

### 24 ORDER

25 IT IS THEREFORE ORDERED that the application of Perkins Mountain Water Company for  
26 a water utility service Certificate of Convenience and Necessity to include the areas described in  
27 Exhibit A and Exhibit B attached hereto and incorporated herein by reference shall be, and is hereby  
28 approved, subject to the conditions described in the following four Ordering Paragraphs.

1 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and  
2 Necessity granted herein, Perkins Mountain Water Company shall file, no later than three years after  
3 the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies  
4 of the Approval to Construct for Phase 1 of the initial phase of the Golden Valley South and The  
5 Villages at White Hills developments.

6 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and  
7 Necessity granted herein, Perkins Mountain Water Company shall file, within ninety days of the  
8 effective date of this Decision, with Docket Control, as a compliance item in this docket, for review  
9 and approval by Staff, a curtailment tariff that generally conforms to the sample tariff found posted  
10 on the Commission's website ([http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariff](http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.pdf)  
11 [STANDARD.pdf](http://www.azcc.gov/Divisions/Utilities/forms/CurtailmentTariffSTANDARD.pdf)) or available on request from Staff.

12 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and  
13 Necessity granted herein, Perkins Mountain Water Company shall file, within 30 days of the effective  
14 date of this Decision, with Docket Control, as a compliance item in this docket, for review and  
15 approval of Staff, a backflow prevention tariff that generally conforms to the sample tariff found  
16 posted on the Commission's website ([http://www.azcc.gov/Divisions/Utilities/forms/CrossConnect](http://www.azcc.gov/Divisions/Utilities/forms/CrossConnectBackflow.pdf)  
17 [Backflow.pdf](http://www.azcc.gov/Divisions/Utilities/forms/CrossConnectBackflow.pdf)) or available on request from Commission Staff.

18 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and  
19 Necessity granted herein, Perkins Mountain Water Company shall, prior to service being provided to  
20 any customer, as a compliance item in this docket, file with the Commission's Business Office, with  
21 copies to Docket Control, the original of an irrevocable sight draft letter of credit or performance  
22 bond in the amount of \$500,000, which irrevocable sight draft letter of credit or performance bond  
23 the Commission may draw on for the sole benefit of Perkins Mountain Water Company's customers  
24 if the Commission finds, in its discretion, that Perkins Mountain Water Company has violated the  
25 Commission's rules or orders, and the funds from which may be used as appropriate to protect  
26 Perkins Mountain Water Company's customers and the public interest. The bond or irrevocable sight  
27 draft letter of credit shall remain in place until further Order of the Commission, and Perkins  
28 Mountain Water Company shall file semi-annually on each July and January covering the preceding

1 six month period, as a compliance item with Docket Control, proof of maintaining the performance  
2 bond or irrevocable sight draft letter of credit.

3 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file, no later than  
4 thirty days following receipt, with Docket Control, as a compliance item in this docket, a copy of the  
5 ADWR Letter of Adequate Water Supply for each individual Subdivision in Golden Valley South  
6 and in The Villages at White Hills developments.

7 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall maintain its books  
8 and records in accordance with the NARUC Uniform System of Accounts for Water Utilities.

9 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall use the  
10 depreciation rates set forth in Exhibit E attached hereto and incorporated herein.

11 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall attain within five  
12 years of the effective date of this Decision, and shall maintain, a capital structure comprised of no  
13 debt, at least 40 percent equity and no more than 60 percent combined advances in aid of construction  
14 and contributions in aid of construction.

15 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file, within fifteen  
16 days of providing service to its first customer, notice of such with Docket Control, as a compliance  
17 item in this docket.

18 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file a rate  
19 application no later than six months following the fifth anniversary of the date it begins providing  
20 service to its first customer but not prior to the end of the calendar year in which it has obtained the  
21 required capital structure.

22 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall notify the  
23 Commission of any proposed change in its ownership at least thirty days prior to the change in  
24 ownership.

25 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall not seek to  
26 transfer its stock to Jim Rhodes or any Rhodes affiliated entities without the prior approval of the  
27 Commission.

28 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall implement the

1 conservation measures outlined in Exhibit I, attached hereto as and incorporated herein by reference.

2 IT IS FURTHER ORDERED that the application of Perkins Mountain Utility Company for a  
3 wastewater utility service Certificate of Convenience and Necessity to include the areas described in  
4 Exhibit A and Exhibit B attached hereto and incorporated herein by reference shall be, and is hereby  
5 approved, subject to the conditions described in the following three Ordering Paragraphs.

6 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and  
7 Necessity granted herein, Perkins Mountain Utility Company shall file, no later than three years after  
8 the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies  
9 of the General Permits for Phase 1 of the initial phase of Golden Valley South and The Villages at  
10 White Hills developments.

11 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and  
12 Necessity granted herein, Perkins Mountain Utility Company shall file, no later than three years after  
13 the effective date of this Decision, with Docket Control, as a compliance item in this docket, copies  
14 of the Aquifer Protection Permit for the Golden Valley South and The Villages at White Hills  
15 developments.

16 IT IS FURTHER ORDERED that as a condition of the Certificate of Convenience and  
17 Necessity granted herein, Perkins Mountain Utility Company shall, prior to service being provided to  
18 any customer, as a compliance item in this docket, file with the Commission's Business Office, with  
19 copies to Docket Control, the original of an irrevocable sight draft letter of credit or performance  
20 bond in the amount of \$500,000, which irrevocable sight draft letter of credit or performance bond  
21 the Commission may draw on for the sole benefit of Perkins Mountain Utility Company's customers  
22 if the Commission finds, in its discretion, that Perkins Mountain Utility Company has violated the  
23 Commission's rules or orders, and the funds from which may be used as appropriate to protect  
24 Perkins Mountain Utility Company's customers and the public interest. The bond or irrevocable  
25 sight draft letter of credit shall remain in place until further Order of the Commission, and Perkins  
26 Mountain Utility Company shall file semi-annually on each July and January covering the preceding  
27 six month period, as a compliance item with Docket Control, proof of maintaining the performance  
28 bond or irrevocable sight draft letter of credit.

1 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall maintain its books  
2 and records in accordance with the NARUC Uniform System of Accounts for Water Utilities.

3 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall use the  
4 depreciation rates set forth in Exhibit F attached hereto and incorporated herein.

5 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall attain within five  
6 years of the effective date of this Decision, and shall maintain, a capital structure comprised of no  
7 debt, at least 40 percent equity and no more than 60 percent combined advances in aid of construction  
8 and contributions in aid of construction.

9 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file, within fifteen  
10 days of providing service to its first customer, notice of such with Docket Control, as a compliance  
11 item in this docket.

12 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file a rate  
13 application no later than six months following the fifth anniversary of the date it begins providing  
14 service to its first customer but not prior to the end of the calendar year in which it has obtained the  
15 required capital structure.

16 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall notify the  
17 Commission of any proposed change in its ownership at least thirty days prior to the change in  
18 ownership.

19 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall not seek to  
20 transfer its stock to Jim Rhodes or any Rhodes affiliated entities without the prior approval of the  
21 Commission.

22 IT IS FURTHER ORDERED that pursuant to A.R.S. § 40-282 (D), an Order Preliminary to  
23 the issuance of the final Certificate of Convenience and Necessity is hereby granted to Perkins  
24 Mountain Water Company and Perkins Mountain Utility Company, for the area described in Exhibit  
25 C attached hereto and incorporated herein by reference.

26 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file with the  
27 Commission's Docket Control, no later than three years following the effective date of this Decision,  
28 a copy of the developer's ADWR Analysis of Adequate Water Supply demonstrating the availability

1 of adequate water for the area described in Exhibit C.

2 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file with the  
3 Commission's Docket Control, no later than three years following the effective date of this Decision,  
4 an Aquifer Protection Permit that includes the area described in Exhibit C.

5 IT IS FURTHER ORDERED that if Perkins Mountain Water Company and Perkins Mountain  
6 Utility Company fail to comply with any one of the two above stated conditions within three years of  
7 this Decision, the Order Preliminary granted herein for the area described in Exhibit C shall be null  
8 and void.

9 IT IS FURTHER ORDERED that after Perkins Mountain Water Company and Perkins  
10 Mountain Utility Company have complied with the two above-stated conditions, they shall jointly  
11 docket a filing stating their compliance and requesting that the Commission issue the final  
12 Certificates of Convenience and Necessity for the area described in Exhibit C attached hereto and  
13 incorporated herein by reference. Within thirty days of such filing, Staff shall file a response  
14 confirming compliance of Perkins Mountain Water Company and Perkins Mountain Utility  
15 Company, and requesting that the Commission schedule the time for a vote to grant the final  
16 Certificates of Convenience and Necessity for the area described in Exhibit C.

17 IT IS FURTHER ORDERED that pursuant to A.R.S. § 40-282 (D), an Order Preliminary to  
18 the issuance of the final Certificate of Convenience and Necessity is hereby granted to Perkins  
19 Mountain Utility Company and Perkins Mountain Utility Company, for the area described in Exhibit  
20 D attached hereto and incorporated herein by reference.

21 IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file with the  
22 Commission's Docket Control, no later than three years following the effective date of this Decision,  
23 a copy of the developer's ADWR Analysis of Adequate Water Supply demonstrating the availability  
24 of adequate water for the area described in Exhibit D.

25 IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file with the  
26 Commission's Docket Control, no later than three years following the effective date of this Decision,  
27 an Aquifer Protection Permit that includes the area described in Exhibit D.

28 IT IS FURTHER ORDERED that if Perkins Mountain Water Company and Perkins Mountain

Utility Company fail to comply with any one of the two above stated conditions within three years of this Decision, the Order Preliminary granted herein for the area described in Exhibit D shall be null and void.

IT IS FURTHER ORDERED that after Perkins Mountain Water Company and Perkins Mountain Utility Company have complied with the two above-stated conditions, they shall jointly docket a filing stating their compliance and requesting that the Commission issue the final Certificates of Convenience and Necessity for the area described in Exhibit D attached hereto and incorporated herein by reference. Within thirty days of such filing, Staff shall file a response confirming compliance of Perkins Mountain Water Company and Perkins Mountain Utility Company, and requesting that the Commission schedule the time for a vote to grant the final Certificates of Convenience and Necessity for the area described in Exhibit D.

IT IS FURTHER ORDERED that Perkins Mountain Water Company shall file, within thirty days of this Decision, with the Commission's Docket Control as a compliance item in this docket, tariffs consistent with the following schedule of rates and charges:

#### WATER RATES

##### MONTHLY USAGE CHARGE:

5/8" x 3/4" Meter	\$35.00
3/4" Meter	35.00
1" Meter	46.00
1 1/2" Meter	125.00
2" Meter	190.00
3" Meter	345.00
4" Meter	575.00
6" Meter	1,150.00
8" Meter	1,840.00

##### Commodity Rates (Per 1,000 Gallons):

###### 5/8-inch and 3/4-Inch Meters

0 to 4,000 gallons	\$2.40
4,001 to 20,000 gallons	4.60
20,001 and above gallons	6.60

###### 3/4-Inch Meters

0 to 4,000 gallons	\$2.40
4,001 to 20,000 gallons	4.60
20,001 and above gallons	6.60

1	<u>1-Inch Meters</u>	
2	0 to 4,000 gallons	\$2.40
	4,001 to 20,000 gallons	4.60
3	20,001 and above gallons	6.60
4	<u>1 1/2-Inch Meters</u>	
5	0 to 42,000 gallons	\$4.60
	42,001 and above gallons	6.60
6	<u>2-Inch Meters</u>	
7	0 to 63,000 gallons	\$4.60
8	63,001 and above gallons	6.60
9	<u>3-Inch Meters</u>	
	0 to 120,000 gallons	\$4.60
10	120,001 and above gallons	6.60
11	<u>4-Inch Meters</u>	
	0 to 180,000 gallons	\$4.60
12	180,001 and above gallons	6.60
13	<u>6-Inch Meters</u>	
14	0 to 207,000 gallons	\$4.60
	207,001 and above gallons	6.60
15	<u>8-Inch Meters</u>	
16	0 to 235,000 gallons	\$4.60
17	235,001 and above gallons	6.60
18	<u>Monthly Service Charge for Fire Sprinklers:</u>	
	4-Inch or Smaller Connection	*
19	6-Inch Connection	*
20	8-Inch Connection	*

**SERVICE LINE AND METER INSTALLATION CHARGES:**

(Refundable pursuant to A.A.C. R14-2-405)

	<u>Meter Size/Type</u>	<u>Services</u>	<u>Meters</u>	<u>Total</u>
22	5/8" x 3/4" Meter	\$ 355.00	\$ 200.00	\$ 555.00
23	3/4" Meter	355.00	240.00	595.00
	1" Meter	405.00	270.00	675.00
24	1 1/2" Meter	440.00	400.00	840.00
25	2" Meter	600.00	480.00	1,080.00
	2" Meter (Turbine)	600.00	915.00	1,515.00
26	2" Meter (Compound)	600.00	1,640.00	2,240.00
	3" Meter (Turbine)	775.00	1,420.00	2,195.00
27	3" Meter (Compound)	815.00	2,215.00	3,030.00
28	4" Meter (Turbine)	1,110.00	2,250.00	3,360.00



1	4" Meter (Compound)	1,170.00	3,145.00	4,315.00
2	6" Meter (Turbine)	1,670.00	4,445.00	6,115.00
3	6" Meter (Compound)	1,710.00	6,180.00	7,890.00
	8" Meter (Turbine)	**	**	**
	8" Meter (Compound)	**	**	**

**SERVICE CHARGES:**

4	Establishment		\$30.00
5	Establishment (After Hours)		50.00
6	Re-establishment (Within 12 Months)		***
7	Reconnection (Delinquent)		40.00
8	NSF Check Charge		25.00
9	Meter Re-Read (If Correct)		30.00
10	Meter Test (If Correct)		30.00
11	Deferred Payment (Per Month)		1.50%
	Late Payment Penalty (Per Month)		1.50%
	Deposit Interest		****
	Deposit		****
	Moving meter/service at customer request		**

\* One percent of monthly usage charge for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

\*\* At cost. Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable.

\*\*\* Number of months off system times the monthly usage charge for meter size.

\*\*\*\* Per Commission Rule R14-2-403.B.

IT IS FURTHER ORDERED that in addition to collection of its regular rates, that Perkins Mountain Water Company shall collect from its customers a proportionate share of any privilege, sales, or use tax.

IT IS FURTHER ORDERED that Perkins Mountain Utility Company shall file, within thirty days of this Decision, with the Commission's Docket Control as a compliance item in this docket, tariffs consistent with the following schedule of rates and charges:

**WASTEWATER RATES****MONTHLY USAGE CHARGE:**

5/8" x 3/4" Meter	\$ 81.00
3/4" Meter	81.00
1" Meter	90.00
1 1/2" Meter	300.00
2" Meter	500.00

1	3" Meter	900.00
	4" Meter	1,500.00
2	6" Meter	3,000.00
	8" Meter	4,700.00

**Treated Effluent Sales for General Irrigation:**

4	Per acre-foot	\$ 200.00
5	Per 1,000 Gallons	\$ 0.61

**SERVICE CHARGES:**

6	Establishment (a)	\$ 30.00
7	Establishment (After Hours) (a)	40.00
	Re-establishment (Within 12 Months)	*
8	Reconnection (Delinquent) (a)	30.00
9	NSF Check Charge (a)	25.00
	Deferred Payment (Per Month)	1.50%
10	Late Payment Penalty (Per Month)	1.50%
	Deposit Interest	**
11	Deposit	**
	Moving service at customer request	***

(a) Collected only if customer is not also a water customer.

\* Per Commission Rule R14-2-603.D – number of months off system times the monthly usage charge per meter size.

\*\* Per Commission Rule R14-2-603.B.

\*\*\* At cost. Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable.

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1 IT IS FURTHER ORDERED that in addition to collection of its regular rates, that Perkins  
2 Mountain Water Company shall collect from its customers a proportionate share of any privilege,  
3 sales, or use tax.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.  
6  
7

8 CHAIRMAN

COMMISSIONER

9  
10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
13 Director of the Arizona Corporation Commission, have  
14 hereunto set my hand and caused the official seal of the  
15 Commission to be affixed at the Capitol, in the City of Phoenix,  
16 this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

17 BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

18 DISSENT \_\_\_\_\_  
19

20 DISSENT \_\_\_\_\_  
21  
22  
23  
24  
25  
26  
27  
28

1 SERVICE LIST FOR:

PERKINS MOUNTAIN UTILITY COMPANY and  
PERKINS MOUNTAIN WATER COMPANY

2  
3 DOCKET NOS.:

SW-20379A-05-0489 and W-20380A-05-0490

4 Jeffrey W. Crockett  
5 SNELL & WILMER, LLP  
6 One Arizona Center  
7 400 East Van Buren Street  
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12 Scott Fisher  
13 SPORTS ENTERTAINMENT LLC  
14 808 Buchanan Blvd., Suite 115-303  
15 Boulder City, NV 89005

15 Janice Alward, Chief Counsel  
16 Robin R. Mitchell, Staff Attorney  
17 Legal Division  
18 ARIZONA CORPORATION COMMISSION  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007

18 Ernest Johnson, Director  
19 Utilities Division  
20 ARIZONA CORPORATION COMMISSION  
21 1200 West Washington Street  
22 Phoenix, Arizona 85007

21

22

23

24

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27

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**EXHIBIT A****WHITE HILLS CC&N  
LEGAL DESCRIPTION**

Revised 4-25-08

**TOWNSHIP 27 NORTH, RANGE 20 WEST; G. & S.R.M., MOHAVE COUNTY, AZ**

SECTION 16; EXCEPT THE NW¼ OF THE NE¼, & THE E½ OF THE NE¼;  
THE W½ OF THE W½ OF SECTION 17;

SECTION 20;

SECTION 21, EXCEPT THE SW¼, & THE S½ SW¼ OF THE NW¼;

SECTION 23, EXCEPT THE FOLLOWING DESCRIBED PARCEL OF LAND:

COMMENCING AT THE NORTHEAST CORNER OF SECTION 23; THENCE NORTH 89°37'39" WEST, 26.97 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 41°25'03" EAST, 35.78 FEET; THENCE SOUTH 48°34'57" WEST, 599.97 FEET; THENCE NORTH 41°25'03" WEST, 572.03 FEET; THENCE SOUTH 89°37'39" EAST, 804.69 FEET TO THE POINT OF BEGINNING;

A PORTION OF SECTION 30 DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 30; THENCE SOUTH 00°20'39" WEST, ALONG THE EAST LINE OF SAID SECTION 30, A DISTANCE OF 2,643.00 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 30; THENCE SOUTH 00°23'02" WEST, CONTINUING ALONG THE EAST LINE OF SAID SECTION 30, A DISTANCE OF 2,643.32 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 30; THENCE NORTH 89°35'14" WEST, ALONG THE SOUTH LINE OF SAID SECTION 30, A DISTANCE OF 1,320.53 FEET; THENCE NORTH 00°21'33" EAST A DISTANCE OF 1,321.78 FEET; THENCE NORTH 89°34'57" WEST A DISTANCE OF 1,321.09 FEET; THENCE NORTH 00°21'05" EAST A DISTANCE OF 1,321.89 FEET; THENCE NORTH 89°34'40" WEST A DISTANCE OF 2,594.41 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 30; THENCE NORTH 00°28'34" EAST, ALONG THE WEST LINE OF SAID SECTION 30, A DISTANCE OF 584.12 FEET; THENCE NORTH 68°00'04" EAST A DISTANCE OF 1,556.41 FEET; THENCE NORTH 21°59'56" WEST A DISTANCE OF 522.91 FEET TO A POINT ON THE CENTERLINE OF WHITE HILLS ROAD; THENCE NORTH 68°00'04" EAST, ALONG THE CENTERLINE OF WHITE HILLS ROAD, A DISTANCE OF 792.50 FEET; THENCE SOUTH 21°59'56" EAST A DISTANCE OF 1,045.32 FEET; THENCE NORTH 68°00'04" EAST A DISTANCE OF 792.50 FEET; THENCE NORTH 21°59'56" WEST A DISTANCE OF 522.91 FEET; THENCE NORTH 68°00'04" EAST A DISTANCE OF 2,255.01 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 30; THENCE SOUTH 89°37'46" EAST, ALONG THE NORTH LINE OF SAID SECTION 30, A DISTANCE OF 244.18 FEET TO THE POINT OF BEGINNING.

**TOWNSHIP 27 NORTH, RANGE 21 WEST, G. & S.R.M., MOHAVE COUNTY, AZ**

A PORTION OF THE E½ OF SECTION 25 DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER (SE¼) OF SAID SECTION 25; THENCE SOUTH 00°28'58" WEST, ALONG THE EASTERLY LINE THEREOF, 2,643.95 FEET TO THE SOUTHEAST CORNER OF SAID SOUTHEAST QUARTER (SE¼); THENCE NORTH 89°33'42" WEST, ALONG THE SOUTHERLY LINE THEREOF, 164.23 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT; OF WHICH THE RADIUS POINT LIES SOUTH 74°14'59" WEST, A RADIAL DISTANCE OF 5,821.58 FEET, SAID POINT BEING ON THE EASTERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY 95; THENCE NORTHERLY ALONG THE ARC, ALONG SAID EASTERLY RIGHT-OF-WAY LINE, THROUGH A CENTRAL ANGLE OF 07°34'58", A DISTANCE OF 770.46 FEET; THENCE NORTH 23°19'59" WEST, CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, 2,685.36 FEET TO THE CENTERLINE OF WHITE HILLS ROAD (O.R. 274/50-97); THENCE NORTH 68°20'45" EAST, ALONG SAID CENTERLINE, 1,632.40 FEET TO THE EASTERLY LINE OF THE NORTHEAST QUARTER (NE¼) OF SAID SECTION 25; THENCE SOUTH 00°28'34" WEST, ALONG SAID EASTERLY LINE, 1,151.09 FEET TO THE POINT OF BEGINNING.

EXHIBIT B

DOCKET NO. SW-20379A-05-0489 ET AL.

GOLDEN VALLEY SOUTH  
CC & N BOUNDARY

LEGAL DESCRIPTION

[Revised 5-11-07]

TOWNSHIP 20 NORTH, RANGE 18 WEST, G. & S.R.M., MOHAVE COUNTY, AZ:

SECTION 2, EXCEPT THE W2 NW4 NW4 NE4 NE4, & THE SE4 SE4;

SECTION 3;

SECTION 4;

SECTION 8; EXCEPT THE W2 NW4 NW4 NE4, & COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 8, THENCE SOUTH 89°35'26" EAST ALONG THE SOUTHERLY LINE OF SAID SECTION 8, A DISTANCE OF 56.87 FEET; THENCE NORTH 00°24'34" EAST, A DISTANCE OF 57.00 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 00°16'25" EAST, A DISTANCE OF 2347.54 FEET,

THENCE SOUTH 89°43'35" EAST, A DISTANCE OF 5222.04 FEET,

THENCE SOUTH 00°12'30" WEST, A DISTANCE OF 653.72 FEET,

THENCE SOUTH 53°30'28" WEST, A DISTANCE OF 1123.72 FEET,

THENCE SOUTH 00°00'00" WEST, A DISTANCE OF 1030.80 FEET,

THENCE NORTH 89°36'50" WEST, A DISTANCE OF 1685.92 FEET,

THENCE NORTH 89°35'26" WEST, A DISTANCE OF 2641.60 FEET TO THE POINT OF BEGINNING;

SECTION 9;

SECTION 10;

SECTION 11, EXCEPT THE S2 SE4 SE4 SE4;

SECTION 14, EXCEPT THE E2 NE4, THE NE4 SE4, THE E2 W2 SE4 SE4, & THE E2 SE4 SE4;

SECTION 16;

TOWNSHIP 21 NORTH, RANGE 18 WEST, G. & S.R.M., MOHAVE COUNTY, AZ;

SW4 SECTION 34.

DECISION NO. \_\_\_\_\_

**EXHIBIT C**

**ORDER PRELIMINARY**

**SPORTS ENTERTAINMENT PROPERTY**

**LEGAL DESCRIPTION**

4-25-08

That portion of Section 30, Township 27 North, Range 20 West, G. & S.R. Meridian, Mohave County, Arizona described as follows:

BEGINNING at the Northwest Corner of said Section 30; THENCE South 00°23'34" West, along the West Line of said Section 30, a distance of 2,059.98 feet; THENCE North 68°00'04" East a distance of 1,556.41 feet; THENCE North 21°59'56" West a distance of 522.91 feet to a point on the Centerline of White Hills Road; THENCE North 68°00'04" East, along the Centerline of White Hills Road, a distance of 792.50 feet; THENCE South 21°59'56" East a distance of 1,045.32 feet; THENCE North 68°00'04" East a distance of 792.50 feet; THENCE North 21°59'56" West a distance of 522.91 feet; THENCE North 68°00'04" East a distance of 2,255.01 feet to a point on the North Line of said Section 30; THENCE North 89°37'46" West, along the North Line of said Section 30, a distance of 2,399.57 feet; THENCE North 89°30'01" West, continuing along the North Line of said Section 30, a distance of 2,587.80 to the POINT OF BEGINNING.

GOLDEN VALLEY SOUTH  
ORDER PRELIMINARY  
LEGAL DESCRIPTION

THAT PORTION OF SECTION 8, TOWNSHIP 20 NORTH, RANGE 18 WEST OF THE GILA AND SALT RIVER BASE MERIDIAN, MOHAVE COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 8, THENCE SOUTH 89°35'26" EAST ALONG THE SOUTHERLY LINE OF SAID SECTION 8, A DISTANCE OF 56.87 FEET;

THENCE NORTH 00°24'34" EAST, A DISTANCE OF 57.00 FEET TO THE POINT OF BEGINNING:

THENCE NORTH 00°16'25" EAST, A DISTANCE OF 2347.54 FEET;

THENCE SOUTH 89°43'35" EAST, A DISTANCE OF 5222.04 FEET;

THENCE SOUTH 00°12'30" WEST, A DISTANCE OF 653.72 FEET;

THENCE SOUTH 53°30'28" WEST, A DISTANCE OF 1123.72 FEET;

THENCE SOUTH 00°00'00" WEST, A DISTANCE OF 1030.80 FEET;

THENCE NORTH 89°36'50" WEST, A DISTANCE OF 1685.92 FEET;

THENCE NORTH 89°35'26" WEST, A DISTANCE OF 2641.60 FEET TO THE POINT OF BEGINNING.



**EXHIBIT E**

Perkins Mountain Water Company

March 13, 2008

Page 7

Table A. Water Depreciation Rates

NARUC Account No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment	30	3.33
330	Distribution Reservoirs & Standpipes	45	2.22
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00

**EXHIBIT F**

Perkins Mountain Utility Company  
 March 13, 2008  
 Page 5

Table WW. Wastewater Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	20	5.00
360	Collection Sewers – Force	50	2.0
361	Collection Sewers- Gravity	50	2.0
362	Special Collecting Structures	50	2.0
363	Services to Customers	50	2.0
364	Flow Measuring Devices	10	10.0
365	Flow Measuring Installations	10	10.0
366	Reuse Services	50	2.00
367	Reuse Meters & Meter Installations	12	8.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	8	12.50
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission & Distribution System	40	2.50
380	Treatment & Disposal Equipment	20	5.0
381	Plant Sewers	20	5.0
382	Outfall Sewer Lines	30	3.33
389	Other Plant & Miscellaneous Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.0
391	Transportation Equipment	5	20.0
392	Stores Equipment	25	4.0
393	Tools, Shop & Garage Equipment	20	5.0
394	Laboratory Equipment	10	10.0
395	Power Operated Equipment	20	5.0
396	Communication Equipment	10	10.0
397	Miscellaneous Equipment	10	10.0

## EXHIBIT C

Schedule CSB-W4

Perkins Mountain Water Company  
Docket No. W-20380A-05-0489  
Projected Fifth Year of Operation

## PROJECTED CAPITAL STRUCTURE

Line No.		Year 1	Year 2	Year 3	Year 4	Year 5	Staff Adjustment	Ref	Staff as Adjusted
1	Short-term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
3	Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4									
5	Advances in Aid of Construction, Net of Refunds								
6	Advances In Aid of Construction (AIAC)	4,415,006	9,153,036	11,096,301	9,599,815	11,598,613	\$ (908,408)	\$ (908,408)	\$10,690,205
7	Meter and Service Line Advances (Meter Deposits)	0	880	3,112	8,832	14,968	\$ -	\$ -	14,968
8	Subtotal	\$4,415,006	\$ 9,153,916	\$11,099,413	\$ 9,608,647	\$11,613,581	\$ -	\$ -	\$10,705,173
9									
10	Contributions In Aid of Construction (Net of Amort.)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,000	\$ 65,000	\$ 65,000
11									
12	Total Advances and Contributions	\$4,415,006	\$ 9,153,916	\$11,099,413	\$ 9,608,647	\$11,613,581	\$ (843,408)	\$ (843,408)	\$10,770,173
13									
14	Equity								
15	Common Stock	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 50,000
16	Paid in Capital	\$1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 5,300,000	\$ 5,800,000	\$ 908,408	\$ 908,408	\$ 6,708,408
17	Retained Earnings	\$ (185,856)	\$ (457,912)	\$ (480,390)	\$ (194,738)	\$ 421,708	\$ -	\$ -	\$ 421,708
18	Subtotal	\$1,364,144	\$ 1,092,088	\$ 1,069,610	\$ 5,155,262	\$ 6,271,708	\$ 908,408	\$ 908,408	\$ 7,180,116
19									
20	Total Capital (L1 + L3 + L12 + L18)	\$5,779,150	\$10,246,004	\$12,169,023	\$14,763,909	\$17,885,289	\$ 65,000	\$ 65,000	\$17,950,289
21									
22	Percent of Total AIAC/CIAC to Total Capital	76.40%	89.34%	91.21%	65.08%	64.93%			60.00%
23	Percent of Total Equity to Total Capital	23.60%	10.66%	8.79%	34.92%	35.07%			40.00%
24	Total	100.00%	100.00%	100.00%	100.00%	100.00%			100.00%

DECISION NO. \_\_\_\_\_

## EXHIBIT H

Schedule CSB-WW4

Perkins Mountain Utility  
Docket No. SW-20379A-05-0489  
Projected Fifth Year of Operation

## PROJECTED CAPITAL STRUCTURE

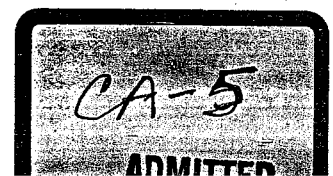
Line No.	Year 1	Year 2	Year 3	Year 4	Year 5	Staff Adjustment	Ref	Staff as Adjusted
1 Short-term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
2								
3 Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
4								
5 Advances in Aid of Construction, Net of Refunds								
6 Advances In Aid of Construction (AIAC)	\$ 4,278,159	\$ 7,281,964	\$ 8,803,603	\$ 11,078,649	\$ 10,973,133	\$ (814,999)	-	\$ 10,158,134
7 Meter and Service Line Advances (Meter Deposits)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
8 Subtotal	\$ 4,278,159	\$ 7,281,964	\$ 8,803,603	\$ 11,078,649	\$ 10,973,133	\$ -	-	\$ 10,158,134
9								
10 Contributions In Aid of Construction (Net of Amort.)								
11 Treatment Capacity (Hook-up Fees)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
12 Other Contr. In Aid of Constr. (Land & Land Rights)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000	-	\$ 350,000
13 Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 350,000
14								
15 Total Advances and Contributions	\$ 4,278,159	\$ 7,281,964	\$ 8,803,603	\$ 11,078,649	\$ 10,973,133	\$ (464,999)	-	\$ 10,508,134
16								
17 Equity								
18 Common Stock	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	-	\$ 50,000
19 Preferred Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
20 Paid in Capital	\$ 1,200,000	\$ 1,200,000	\$ 1,900,000	\$ 4,800,000	\$ 5,650,000	\$ 814,999	-	\$ 6,464,999
21 Retained Earnings	\$ (204,684)	\$ (432,740)	\$ (378,041)	\$ (94,185)	\$ 490,575	\$ -	-	\$ 490,575
22 Subtotal	\$ 1,045,316	\$ 817,260	\$ 1,571,959	\$ 4,755,815	\$ 6,190,575	\$ 814,999	-	\$ 7,005,574
23								
24 Total Capital (L1 + L3 + L15 + L22)	\$ 5,323,475	\$ 8,099,224	\$ 10,375,562	\$ 15,834,464	\$ 17,163,708	\$ 350,000	-	\$ 17,513,708
25								
26 Percent of Total AIAC/CIAC to Total Capital	80.36%	89.91%	84.85%	69.97%	63.93%			60.00%
27 Percent of Total Equity to Total Capital	19.64%	10.09%	15.15%	30.03%	36.07%			40.00%
28 Total	100.00%	100.00%	100.00%	100.00%	100.00%			100.00%

**EXHIBIT I****Commitments to Conservation and Comprehensive Water Management****Perkins Mountain Water Company****(Docket No. W-20380A-05-0490)****Rhodes Homes Arizona****May 8, 2008****1) Full use of reclaimed water.**

- a) Reclaimed water distribution system to be installed beginning with Phase I.
  - i) Initial system will provide build-out reclaimed water capacity.
  - ii) Initial system to be backbone system in arterial roadways necessary to provide service to common areas, the golf course, parks, schools and commercial.
- b) Reclaimed water to be used in the following priority order:
  - i) Priority 1 - Filling and refilling of reclaimed water storage retention structures for irrigation of turf and other landscaping in common areas, the golf course, parks, schools and similar areas.
  - ii) Priority 2 - irrigation of commercial landscaping and similar exterior water uses.
  - iii) Priority 3 - Irrigation of residential landscaping and similar exterior water uses.
- c) Reclaimed water system to be extended to individual residential lots in future phases of development as Priority 3 reclaimed water becomes available.

**2) Homebuilder installation of conservation measures in homes.**

- a) Landscape Design.
    - i) Front Yard. Front yards landscaped with low water use trees, shrubs and groundcovers. No turf allowed.
    - ii) Back Yard. Turf comprises less than 50% of total landscapable area of backyard, not to exceed 900 square feet on average.
  - b) Plumbing Standards.
    - i) Indoor and outdoor service pressure regulated to a maximum of 60 psi.
    - ii) High-efficiency fixtures (1.6 gallon flush toilets, 2.2 GPM kitchen faucets, 1.5 GPM bathroom faucets, 2.5 GPM shower heads).
    - iii) No evaporative coolers.
    - iv) Hot water recirculating system, manifold system or design capable of hot water delivery with <0.5 gal.
    - v) High efficiency dishwasher (6.5 gallon or less per normal cycle).
    - vi) Water softener capable of using potassium instead of sodium and demand-based regeneration.
    - vii) Supplemental drinking water systems have a beneficial yield of 85% or higher.
- \*\* The items in this Section 2 will be included as a condition of service in the master water agreement between Perkins Mountain Water Company and Rhodes Homes Arizona.

**DECISION NO. \_\_\_\_\_**

**Perkins Mountain Water Company  
Rhodes Homes Arizona  
Commitments to Conservation and Comprehensive Water Management  
May 8, 2008**

**3) Voluntary Implementation of Phoenix AMA non-per capita conservation program.**

- a) Public Education Program.
- b) Additional Conservation Measures (Best Management Practices).
  - i) Public Awareness/Public Relations.
    - (1) Special Events/Programs and Community Presentations.
  - ii) Conservation Education and Training.
    - (2) Youth Conservation Education Program.
    - (3) Homeowner Landscape Information.
  - iii) Outreach Services.
    - (4) Customer High Water Use Inquiry Resolution.
    - (5) Water Waste Investigations and Information.
  - iv) Condition of Service.
    - (6) Front yards landscaped with low water use trees, shrubs and groundcovers. No turf allowed.

**4) Other Conservation Measures.**

- a) Demonstration project on rainwater rooftop catchment.
- b) Design of retention and recharge basins to collect rainwater runoff.
- c) Design of retention and recharge basins within common areas and open space to maximize depression storage for recharge.

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